

**INCOMING TELEGRAM***Department of State***ACTION COPY  
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54

**CONFIDENTIAL**

12-5-60

Action

**Classification**

Control: 910

FE

Rec'd: December 2, 1960  
6:15 a.m.

Info

FROM: Djakarta

SS

TO: Secretary of State

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NO: 1572, December 2, 11 a.m.

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UMSC

DEPTEL 186

UIGC

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DCTL

RMR

Note dated November 28 from Department of Foreign Affairs re 3-year PL480 Program gives breakdown of commodities and requests that negotiations be initiated soonest. Copy being airpouched. Commodities in million US dollars are: For 1961 rice 20, domestic use cotton 5.6, processing cotton 40; for 1962 rice 20, domestic use cotton 8.4, processing cotton 50, dairy products 0.5; for 1963 rice 15, domestic use cotton 13.5, processing cotton 55. Total 3-year Program including rough estimate ocean transportation (12) is 240. Dairy product requested is whole powdered milk for use during 1962 Asian games.

Embassy strongly recommends full consideration be given requests for rice and cotton for 3 years. Food situation and economy require these commodities. Three-year Program positive assistance longer range planning and will ensure vitally needed rice and cotton goods through 1963.

Comment as result discussions in cabinet, President has reiterated long-standing opposition to grant aid and has specifically rejected same in future PL480 Programs. While seems possible Djuanda may seek to moderate President's view, Foreign Office has been instructed negotiate on basis loans, only, no grants. On instructions Djuanda, Foreign Office requests most favorable terms for loans such as: 85 percent total currencies generated (same as India); lower interest rates (observed that USSR rate was 2 and one-half percent but only for 15 years); longer repayment schedule, (preferably 80 years; and increased grace period, preferably 8 years. Minister of Finance who accepted November 5, 1960 agreement under protest (against higher deposit rate).

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ACTION	SPATE	ACTION CLASSIFICATION	TAKEN		DIRECTIONS TO RM/R	
ASSIGNED TO:			Debt 986			
NAME OF OFFICER	E.J. Thrasher	DATE OF ACTION	12/27/60			
& OFFICE SYMBOL						

UNCLASSIFIED

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Authority NND 949570  
By GP NARA Date 8/4/00

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CONFIDENTIAL

-2- 1572, December 2, 11 a.m., from Djakarta

deposit rate) believes deposit rate should be negotiated, preferably to 45 to 1. Ponsen, Foreign Aid Chief, Department Foreign Affairs, in absence of grants and to compensate for higher deposit rate (unless negotiated downward) hopes for reduction of prices even below world prices.

JONES

HMR/3

DEPT OF STATE  
DEC 3 1970  
FOR FOREIGN AFFAIRS

CONFIDENTIAL

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Authority NND 949570  
By CP NARA Date 8/4/00

# OUTGOING TELEGRAM Department of State

INDICATE:  COLLECT  
 CHARGE TO

**CONFIDENTIAL**

Classification

Origin

SENT TO: Amembassy DJAKARTA 986

Info:

611.9841/12-260  
 Your 1572 XR 411.9841

1960 DEC 27 PM 2 24

10441

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Advantages of multi-year PL 480 programming for GOI in terms budget planning and other considerations appreciated here. However, preliminary discussions of reftel reveal serious problems.

Variability in annual US supply and outlook for commodities requested precludes multi-year commitments in foreseeable future. All commodities requested quite likely to be available on an annual basis in quantities to meet most of GOI requirements with due consideration to usual marketings and consultations.

Funds under current authority to finance Title I sales agreements will be close to exhaustion before new Congress can increase authorization. Per Embtel 1757 will proceed with GOI rice supplemental request along with other applications received when expected rice availability for January-June period becomes firm after first of the year. Should favorable

consideration result, undoubtedly there would be a requirement to insure firm contracts before March 1. After August 1 consideration would be given to balance of reftel CY 1961 rice request for \$20 million (approximately 150,000 MT). Cotton request can be considered only after Congress increases funds.

RE/R	AMEMBASSY
AMEMBASSY	REFTEL
AMEMBASSY	DAT

Drafted by: SW Phillips/FAS 12/27/60

Clearances: F Jarvis (SPA/E) - State SWPm  
 G Hazard (CSD) SWPm  
 RCleveland (SEA) " (in substance) Sullivan SWPm

Telegraphic transmission and classification approved by: DC/T: EKNewton:fmh  
 Agr.: PMO'Leary

KBitterman (S/Food) - ICA SWPm  
 Durso - ICA (in substance) SWPm

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611.9841/12-260

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 By GP NARA Date 8/4/00

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Page 2 of telegram to DJAKARTA

CONFIDENTIAL

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No likelihood of downward negotiation 56.25 rupiah rate nor acceptance  
Djuanda request loan terms.

Commodity prices are determined between GOI buyers and US suppliers.

*Merchant* ~~Merchant~~

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Authority NND 949570  
By GP NARA Date 8/4/00

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Air Pouch	CONFIDENTIAL	DO NOT TYPE IN THIS SPACE 110-61 611-9841/12-760						
PRIORITY	(Security Classification)							
FOREIGN SERVICE DESPATCH								
FROM : Amembassy DJAKARTA	437	DESP. NO.						
TO : THE DEPARTMENT OF STATE, WASHINGTON.	December 7, 1960							
REF : Embtel 1572	DATE DEC 9-1960 04-1							
MR-7 DLF-7 M/68-1 u/mss-3								
<table border="1"> <tr> <td rowspan="2">67 For Dept. Use Only</td> <td>ACTION</td> <td>DEPT.</td> </tr> <tr> <td>FE-4</td> <td>I N F OTHER</td> </tr> <tr> <td colspan="3">REC'D 1/1/69 O OCT-1 CIA-10 [REDACTED] Enc-10 Dec-1 PRO-3</td> </tr> </table>	67 For Dept. Use Only	ACTION	DEPT.	FE-4	I N F OTHER	REC'D 1/1/69 O OCT-1 CIA-10 [REDACTED] Enc-10 Dec-1 PRO-3		
67 For Dept. Use Only		ACTION	DEPT.					
	FE-4	I N F OTHER						
REC'D 1/1/69 O OCT-1 CIA-10 [REDACTED] Enc-10 Dec-1 PRO-3								
SUBJECT: Transmittal of Note No. 1435/60/06								

611-9841/12-760  
611-9841  
L-4 DR-4 DR-15 TR-3

In the reference Embassy telegram it was stated that a copy of the note from the Department of Foreign Affairs requesting a three-year PL 480 program (for 1961, 1962 and 1963) would be airpouched. Five copies of the Department of Foreign Affairs' Note No. 1435/60/06 are forwarded as Enclosure No. 1 of this despatch.

NOTE: The "CONFIDENTIAL" classification refers only to the referenced telegram. The enclosure should be handled as "OFFICIAL USE ONLY" even though it has been received "UNCLASSIFIED".

For the Ambassador:

*Jack W. Lyman*  
Jack W. Lyman  
Acting Deputy Chief of Mission

Enclosure:

As stated.

JAN 16 1967 FILED  
U.S. DEPT. OF STATE  
U.S. DEPT. OF STATE  
BUREAU OF  
EASTERN AFFAIRS

611-9841/12-760  
CAA  
**CLASSIFIED FILE**

AGD: GOWINBOURNE  
REPORTER

CONFIDENTIAL

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Authority NND 949570  
By GP NARA Date 8/4/00

0 0 4 9 5

DEPARTEMEN LUAR NEGERI  
REPUBLIK INDONESIA

Note : 1435/60/06

Enclosure No. 1 Despatch No. 437  
Dated Dec. 7, 1960 from Djakarta

The Department of Foreign Affairs of the Republic of Indonesia presents its compliments to the Embassy of the United States of America and has the honour to refer to the Department's AGHIC Note No. 993/60/06 dated July 21, 1960, concerning a long-term (3-year) Surplus Agricultural Commodities Agreement between the Government of the Republic of Indonesia and the Government of the United States of America.

The Department of Foreign Affairs has the honour to forward herewith, for due consideration of the Government of the United States of America, a breakdown of the commodities which the Government of Indonesia wishes to purchase within the scope of a long-term (3-year) Surplus Agricultural Commodities Agreement, as follows :

	(in million US \$)		
	1961	1962	1963
a . Rice	\$ 20.-	20.-	15.-
b . Cotton :			
- domestic	5.6	8.4	13.5
- triangular	40.-	50.-	55.-
c . Dairy Products	-	0.5	-
Ocean Transportation P.M.	P.M.	P.M.	12.-
			\$ 240.-

It would be highly appreciated if negotiations on this subject could be initiated at the earliest possible date.

The Department of Foreign Affairs of the Republic of Indonesia avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration .-

Djakarta , November 28, 1960.-

THE EMBASSY OF THE UNITED STATES

DECLASSIFIED  
Authority NND 949570  
By GP NARA Date 8/4/00

INCOMING TELEGRAM

*Department of State*

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40-48

Action

UNCLASSIFIED

Classification

Control: 4063

AGR

Info

FROM: Djakarta

Rec'd: December 7, 1960  
9:49 p.m.

L

TO: Secretary of State

FE

E

NO: 1650, December 8

ICA

INR

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COM

FRB

TRSY

DEPTEL 736

Names of processing countries for inclusion cotton PA are:  
Japan, Singapore, Yugoslavia. Understand \$550,000 already  
earmarked Singapore.

RMR

JONES

RJC

611.9841/12-360

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CAA

FEB 20 2 09 PM '61

File  
MPL-DCT  
12-8-60

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Authority NND 949570  
By GP NARA Date 8/4/00

Dec. 21, 1960

RM/R  
Rm. 1438  
NS/E

Since the enclosures to the attached letter of Dec. 8, 1960 from the Embassy at Djakarta constitute an international agreement, the letter should be filed in RM/R.

Jean Espe  
L/T



THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

American Embassy,  
Djakarta, Indonesia,  
December 8, 1960.

UNCLASSIFIED  
OFFICIAL-INFORMAL

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 12/21/60 BY 6020

Dear Sir:

An exchange of notes dated December 7, 1960, amends the 1956 P.L. 480 agreement between the Government of the United States and the Government of Indonesia. The signed original of the Government of Indonesia's confirming Note No. 1475/60/06 as well as a certified copy of the Embassy's Note No. 296 are forwarded with this letter.

Sincerely yours,

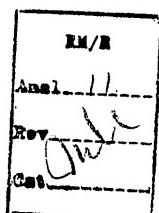
Jack W. Lydman  
Acting Deputy Chief of Mission

DEPARTMENT OF STATE  
File L/T 12/21/60  
DEC 20 1960  
Original enclosure  
RECEIVED  
SCHOOL OF THE LEGAL ADVISOR  
RECORDED IN L/T  
PHOTOSTATE  
ATTACHED  
J.W.L.

Enclosures:

1. Government of Indonesia Note No. 1475/60/06 dated December 7, 1960.
2. Embassy Note No. 296 dated December 7, 1960.

Assistant Legal Adviser for Treaty Affairs,  
Department of State,  
Washington 25, D. C.



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JAN - 4 1961

611.9841/12-860

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Authority UND 949570  
By GP NARA Date 8/4/00

Djakarta, December 7, 1960.-



No. : 1475/60/06

I have the honour to acknowledge receipt of your Excellency's Note No.: 296, which reads as follows :

"I have the honour to refer to recent discussions concerning the Agricultural Commodity Agreement between the United States of America and the Republic of Indonesia signed at Djakarta March 2, 1956, as amended. Pursuant to these discussions, I have the honor to propose that the agreement be further amended as follows :

1. In order to reflect more accurately the applicable exchange rate, replace "Rp 1,11,61" for "Rp 1,205,000" in the first sentence of paragraph 1 (A) of Article II, and substitute "\$65,081,339" for "Rp 2,725,000" in the first sentence of paragraph 1 (E) of that Article.

2. In the first sentence of paragraph 1 (E) of Article II, insert after "the act" the phrase "and for grants to the Government of Indonesia under Section 104 of that Act."

I have the honor to propose that, if these amendments are acceptable to your Excellency's Government, this note and Your Excellency's note in reply concurring thereto shall constitute an agreement between our two Governments further amending the agreement of March 2, 1956, which shall enter into force on the date of Your Excellency's note."

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.

His Excellency,  
Howard P. Jones  
Ambassador Extraordinary  
and Plenipotentiary of  
the United States of America  
Djakarta-

R. Suwito Kusumowidagdo  
Secretary General  
Department of Foreign Affairs.

0 0 4 4 4

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Authority NND 949570  
By GP NARA Date 8/4/00

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

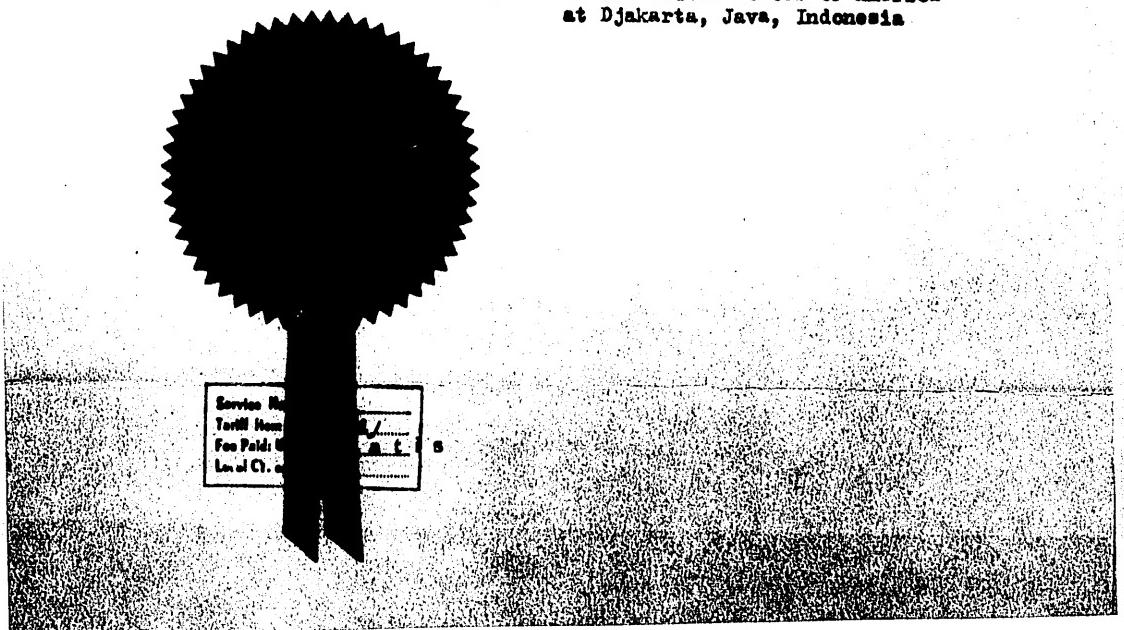
REPUBLIC OF INDONESIA  
ISLAND OF JAVA }  
CITY OF DJAKARTA }  
EMBASSY OF THE UNITED STATES }  
OF AMERICA }

SS:

I, Dorothy V. Broussard, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified, do hereby certify that the annexed copy of note No. 296 dated December 7, 1960, from the Ambassador of the United States of America to the Secretary General of the Department of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this ninth day of December, 1960.

Dorothy V. Broussard  
Dorothy V. Broussard  
Consul of the United States of America  
at Djakarta, Java, Indonesia



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DECLASSIFIED  
Authority NND 949570  
By CP NARA Date 8/4/00

No. 296

Djakarta, December 7, 1960

Excellency,

I have the honor to refer to recent discussions concerning  
the Agricultural Commodity Agreement between the United States  
of America and the Republic of Indonesia signed at Djakarta  
March 2, 1956, as amended. Pursuant to these discussions, I  
have the honor to propose that the agreement be further amended  
as follows:

1. In order to reflect more properly the applicable  
exchange rate, substitute "\$31,618,661" for "\$25,905,000" in  
the first sentence of paragraph 1 (A) of Article II, and  
substitute "\$65,081,339" for "\$70,795,000" in the first sentence  
of paragraph 1 (B) of that Article.

2. In the

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs

Djakarta.

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Authority NND 949570  
By CP NARA Date 8/4/00

- 2 -

2. In the first sentence of paragraph 1 (B) of Article III,  
insert after "the Act" the phrase "and for grants to the  
Government of Indonesia under Section 104 of that Act."

I have the honor to propose that, if these amendments are  
acceptable to Your Excellency's Government, this note and Your  
Excellency's note in reply concurring therein shall constitute  
an agreement between our two governments further amending the  
agreement of March 2, 1956, which shall enter into force on  
the date of Your Excellency's note.

Accept, Excellency, the renewed assurances of my highest  
consideration.

Howard P. Jones  
Ambassador Extraordinary  
and Plenipotentiary

COWinberg:jfp

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Authority NND 949570  
By GP NARA Date 8/4/00

INCOMING TELEGRAM

*Department of State*

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45

**CONFIDENTIAL**

Action  
FE

Classification

Control: 4782

Rec'd: December 9, 1960  
1:31 a.m.

Info FROM: Djakarta

SS TO: Secretary of State  
L NO: 1664, December 9, 10 a.m.

EUR  
E

UMSC Department telegram 747.

UIGC

ICA Notes amending 1956 PL-480 agreement dated December 7.  
DLF Texts being airpouched.

INR

CIA

NSA

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VH:MM-10

COM

FRB

TRS Y

DCTL

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JONES

611.9841/12-960

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Authority NND 949570  
By GP NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

C S O, Mellen  
ACTION COPY  
PERMANENT RECORD COPY

35-W

Action

CONFIDENTIAL

Classification

Control: 11710

Rec'd: December 21, 1960  
10:43 a.m.

E

Info

FROM: Djakarta

SS

TO: Secretary of State

L

NO: 1804, December 21, 1 p.m.

H

FE

UMSC

UMSS

ICA

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PRIORITY

In meeting with Subandrio December 23 anticipate enquiry  
re status his request new 3-year PL 480 program outlined  
EMBTEL 1572. Would appreciate guidance especially on  
practicability 3-year concept, composition and estimated  
date negotiations can be initiated for new program.

DT

JONES

RMR

DEC 21 1960  
MESSAGE CENTER CONTROL JAN 9 1961  
IN OUT

611-9341/12-2160

CAA

DEPARTMENT OF  
STATE

1960 DEC 21 PM 40  
MESSAGE CENTER  
JONES

FILE

REC'D 10:43

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By GP NARA Date 8/4/00